PAJARO VALLEY WATER MANAGEMENT AGENCY

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Ad Hoc Rate Setting Committee Meeting No. 3
March 19, 2026, 1:00 p.m.

City of Watsonville
Water Resources Center
5 00 Clearwater Lane
Watsonville, CA

AD HOC RATE SETTING COMMITTEE MEETING SUMMARY

AD HOC RATE SETTING COMMITTEE MENBERS	
Present	**Not Present**
Kirk Schmidt, Santa Cruz County, Committee Chair	Alan Thorne, Coastal Landowner
CJ Miller, PV Water, Director of the Board, Committee Vice Chair	Tom Broz, PV Water, Director of the Board
Beau Kayser, City of Watsonville	John Larse, Coastal Water Use
Stephen Rider, PV Water, Director of the Board	Doug Daykin, Rual Residential
Robert Rodoni, Monterey County Farm Bureau	
Don Olsen, Water District Representative	
Paul Lego, Water Mutual Representative	
Richard Opie, Inland Water User	
Aaron Dillon, Inland Landowner (via Teleconference)	
Robert Wall (Newly Appointed)	
Staff and Other Attendees	
Brian Lockwood, General Manager (GM)	Ellen Cross, Consultant - Strategy Driver, Inc.
Nancy Trevino, Finance & Admin Services Manager (FASM)	Ricky Gutierrez, Consultant - Carollo Engineers
Corin Hammond, Executive Assistant/Board Secretary (EA/BS)	Jennifer Ivey, Consultant - Carollo Engineers
Shaun Harden, Public	

1. **Call to Order, Roll Call, Introductions**
   Chair Schmidt called the third meeting of Ad Hoc Rate Setting Committee to order at 1:08 p.m. Chair Schmidt introduced GM Lockwood, who took role of Committee Members and made an opening welcome statement. The Committee members, staff, and consultants then introduced themselves.

2. **Committee Member Comments**
   None

3. **Public Comments**
   None

4. **Consider Corrections to January 28, 2026, Meeting Summary**
   No corrections presented.

5. Consider Appointment of Ad Hoc Rate Setting Committee Applicant(s)

GM Lockwood introduced Robert Wall, who is applying for the Small / Beginning Grower seat and/or the At Large seat.

Action: Committee Chair Schmidt moved to approve the Appointment of new Ad Hoc Rate Setting Committee Applicant(s); Committee Member Rodoni seconded the motion. Motion passed by the following voice vote:

AYES:	Schmidt, Miller, Kayser, Rider, Rodoni, Olsen, Lego, Opie, Dillon
NOES:	None
ABSENT:	Larse, Thorne, Broz, Daykin
ABSTAIN:	None

6. Receive Presentation and Discuss Cost Allocations, Preliminary Rates, and Capital Project Unit Costs

GM Lockwood provided a brief summary of the first two Committee meetings. Jennifer Ivey reviewed the meeting objectives and presented updated projected expenditures, including an overview of the cost-of-service analysis. Ms. Ivey discussed key cost drivers, including but not limited to implementation of the Groundwater Sustainability Plan Update 2022 (GSU22), water supply facility operations and maintenance, and the Capital Improvements Plan (CIP) projects. Ms. Ivey provided comparisons between prior conditions and present, noting increased competition for grant funds coupled with fewer grants results in reduced grant funding availability. Ms. Ivey also presented the functional cost allocation methodology and recent revisions. She then presented the resulting preliminary rates.

Committee discussion ensued with Ms. Cross facilitating. The Committee discussed the rate categories, in particular the Inside Delivered Zone Augmentation Charge and the Outside Delivered Zone Augmentation Charge. The Committee also discussed PV Water's cash-on-hand and cash reserve policy. The Committee inquired about the effect on rates should a CIP project not proceed.

Mr. Gutierrez presented the annualized and operational costs per acre-foot for the existing Harkins Slough Project, College Lake Project, and the proposed Watsonville Slough System Managed Aquifer Recharge & Recovery Project. He showed trends of escalating costs for construction materials, energy, and chemicals. Roundtable discussion ensued.

The Committee provided direction to staff to present operational cost information of the water supply facilities, including the Recycled Water Facility, to the Projects & Facility Operations Committee meeting.

Action: Committee Chair Schmidt moved for staff and consultants to prepare the draft Cost-of-Service report utilizing the information provided. Committee Member Olsen seconded the motion.

AYES:	Schmidt, Miller, Kayser, Rider, Olsen, Lego, Opie, Dillon, Wall
NOES:	Rodoni
ABSENT:	Larse, Thorne, Broz, Daykin
ABSTAIN:	None

7. Review Schedule & Next Steps

Staff and consultants reviewed the schedule and next steps.

8. Discuss Future Agenda Items and Next Meeting Date: May 28, 2026

Action: The Committee set the meeting date: May 28, 2026, at 1:00 p.m.

Chair Schmidt Adjourned the meeting at 3:49 p.m.